



ITEQ Corporation

2023 First Quarter Investor Presentation

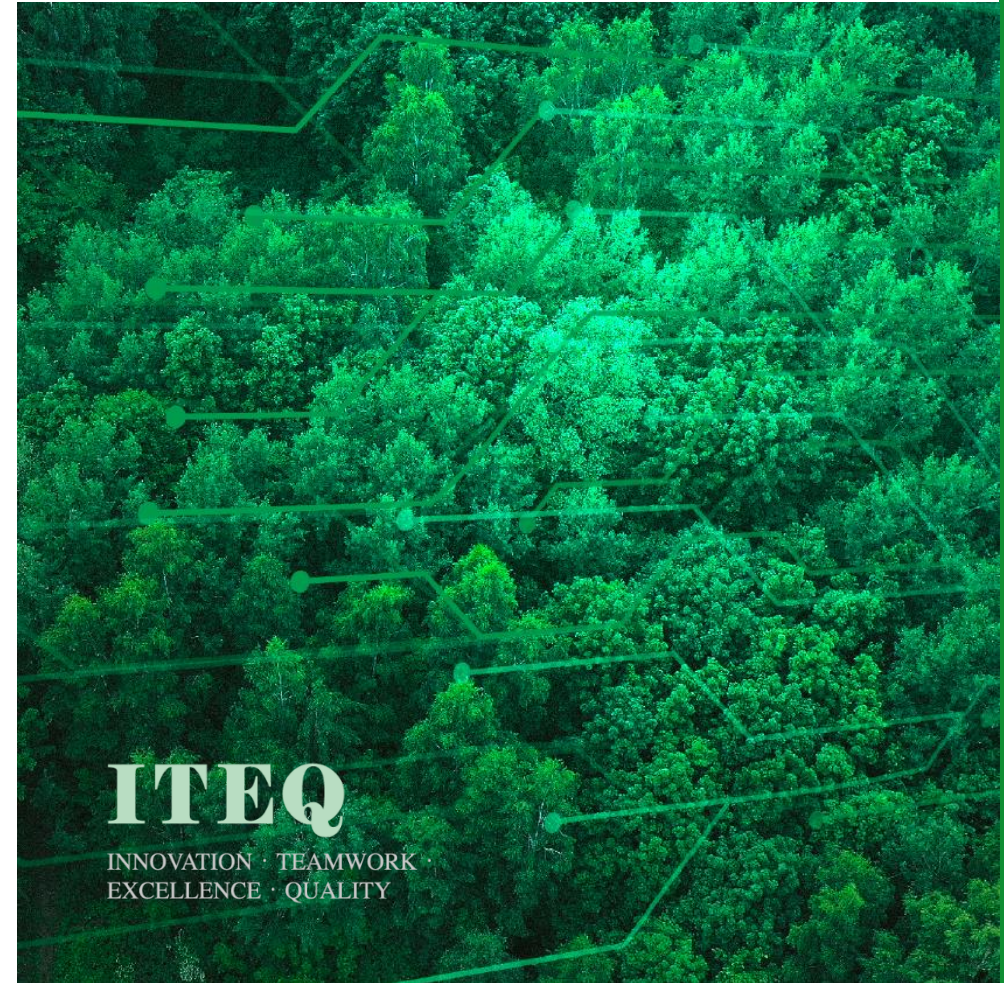
ITEQ

INNOVATION. TEAMWORK. EXCELLENCE. QUALITY

June 2023

Disclaimer Statement

- This presentation and release contain “forward-looking statements” which may include projections of future results of operations, financial condition or business prospects based on our own information and other sources.
- Our actual results of operations, financial condition or business prospects may differ from those expressed or implied in these forward-looking statements for a variety of reasons, including but not limited to market demand, price fluctuations, competition, international economic conditions, supply chain issues, exchange rate fluctuations and other risks and factors beyond our control.
- The forward-looking statements in this release reflect the current belief of ITEQ as of the date of this release. ITEQ undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such date.



Company Overview



Establishment
April 10th, 1997



Headquarters
HsinChu, Taiwan



Capital
NT\$3,630 million



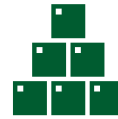
Employees
~4,000



Chairman
Dennis Chen



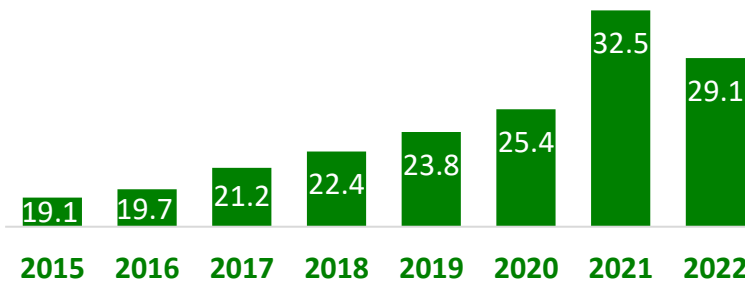
CEO
Audrey Tsai



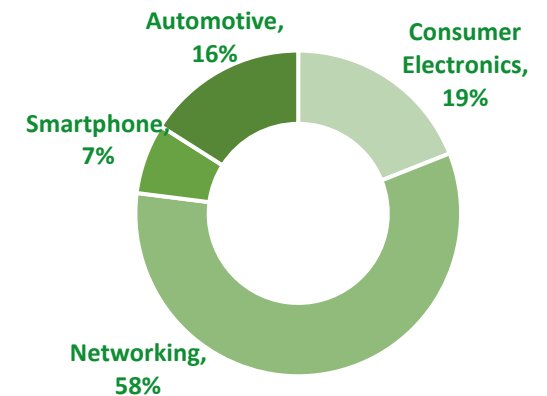
Main Products

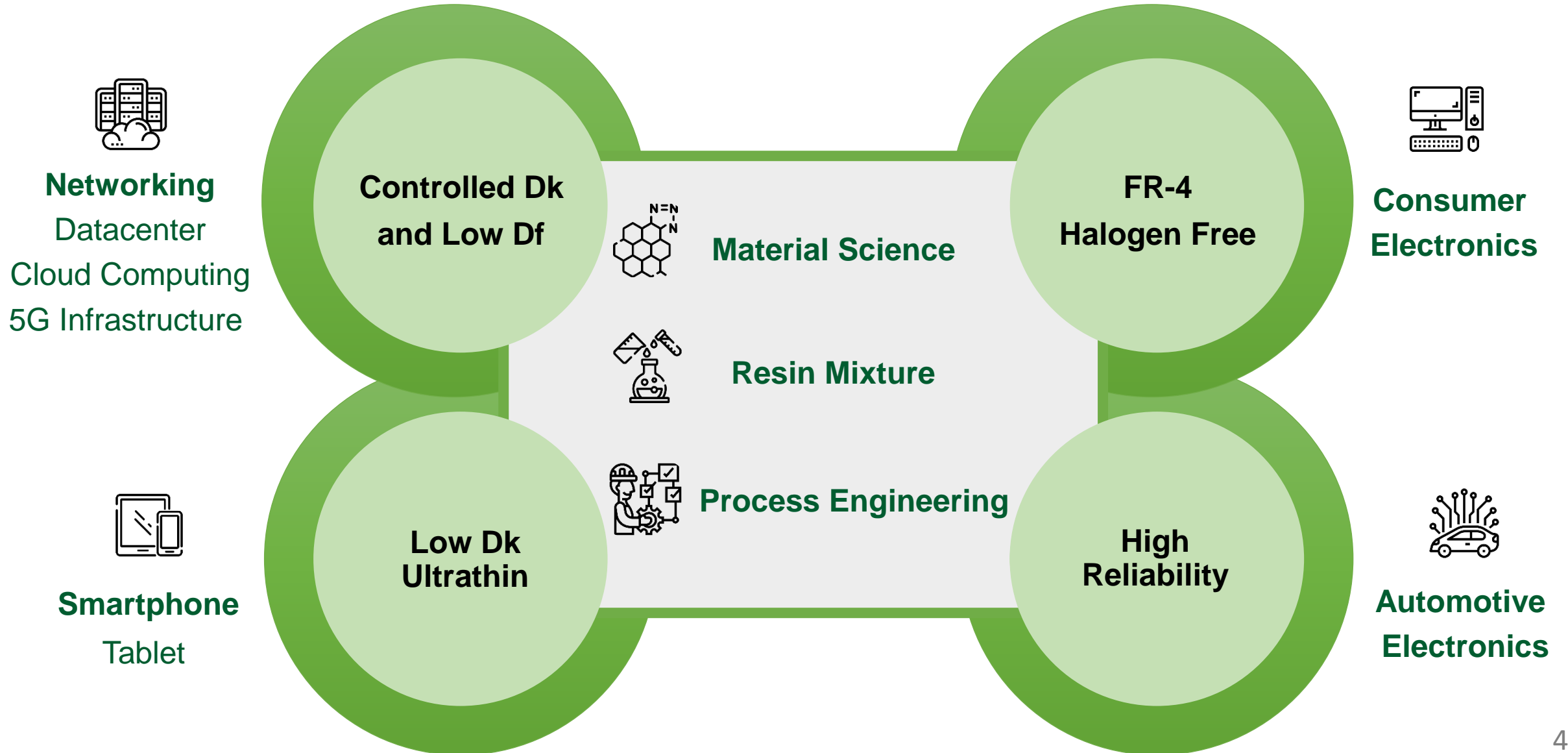
Copper Clad Laminate (CCL) & Prepreg (PP) | Masslam service | Flexible CCL

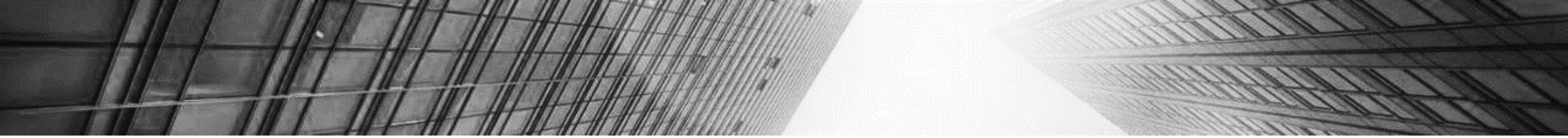
Revenue (NT\$ billion)



Revenue by Application (FY22)







Growth Strategy Blueprint

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Path of Innovation

Widely adopted in consumer electronics



Engaged with tier 1 automotive players



Enhanced ultra-thin dielectric capability for handheld devices



Biz kick-off with top server OEMs & ODMs



Dominant CCL supplier for Intel Purley server platform



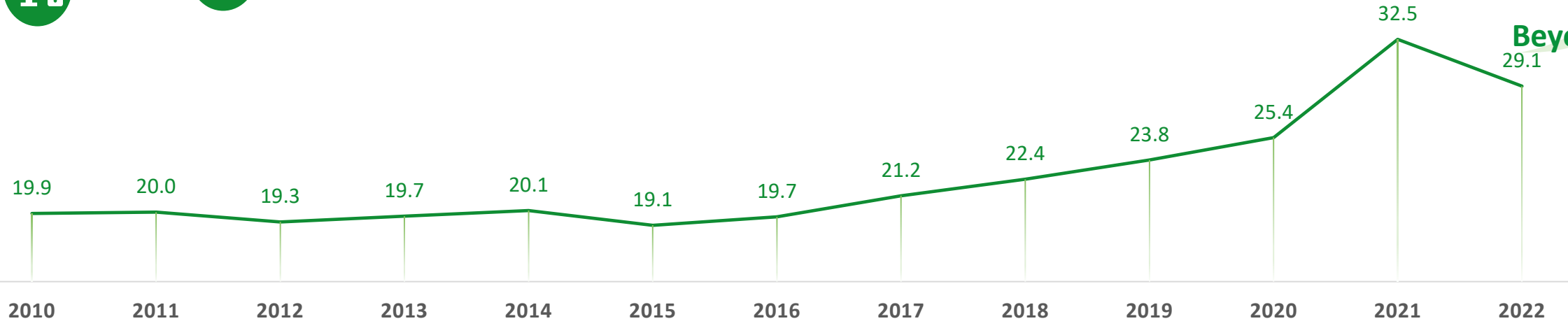
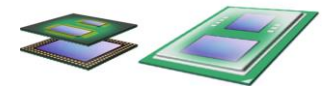
No. 1 Taiwan CCL supplier for 5G base station



New product for HDI PCB: Resin Coated Copper (RCC)

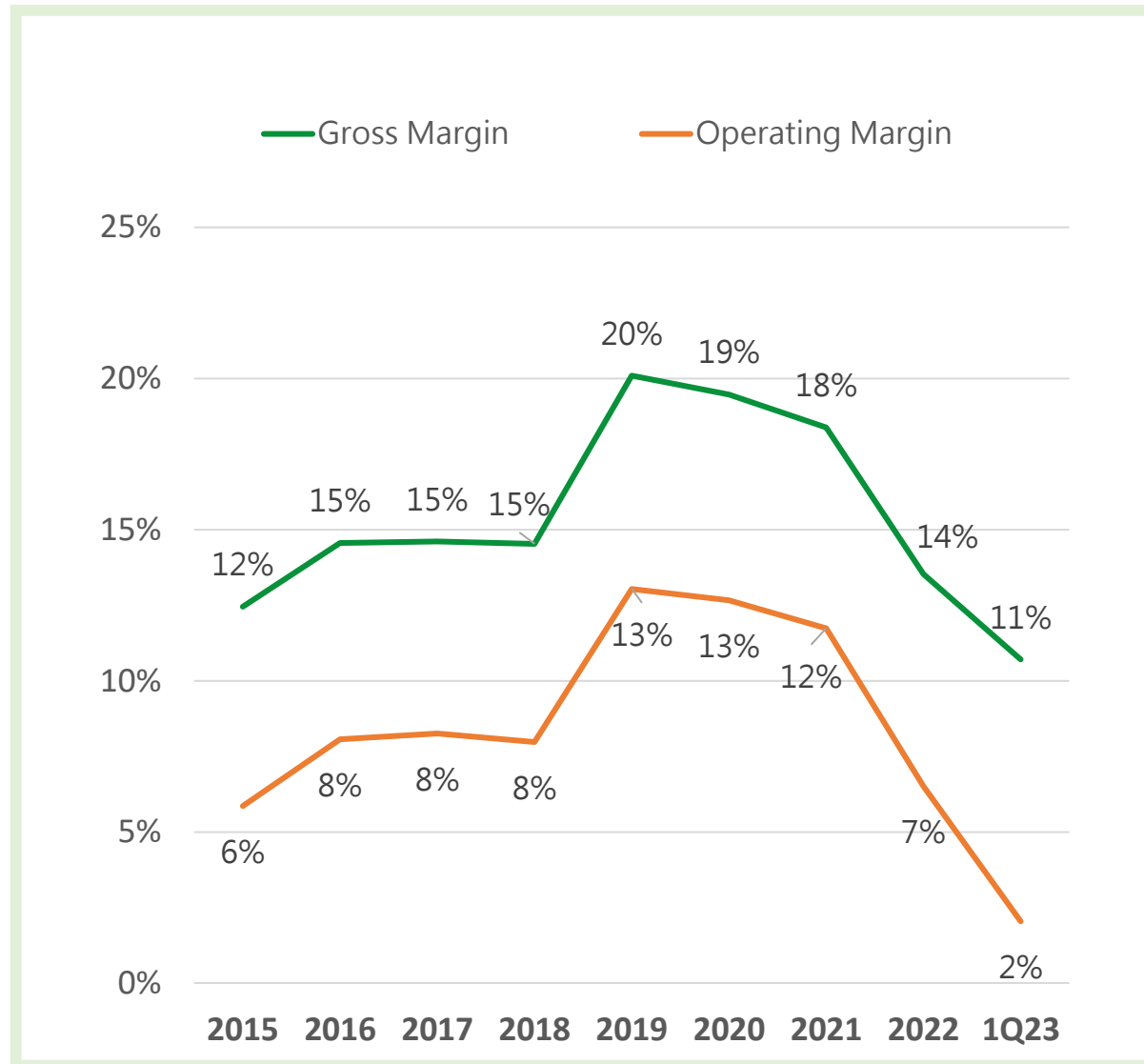
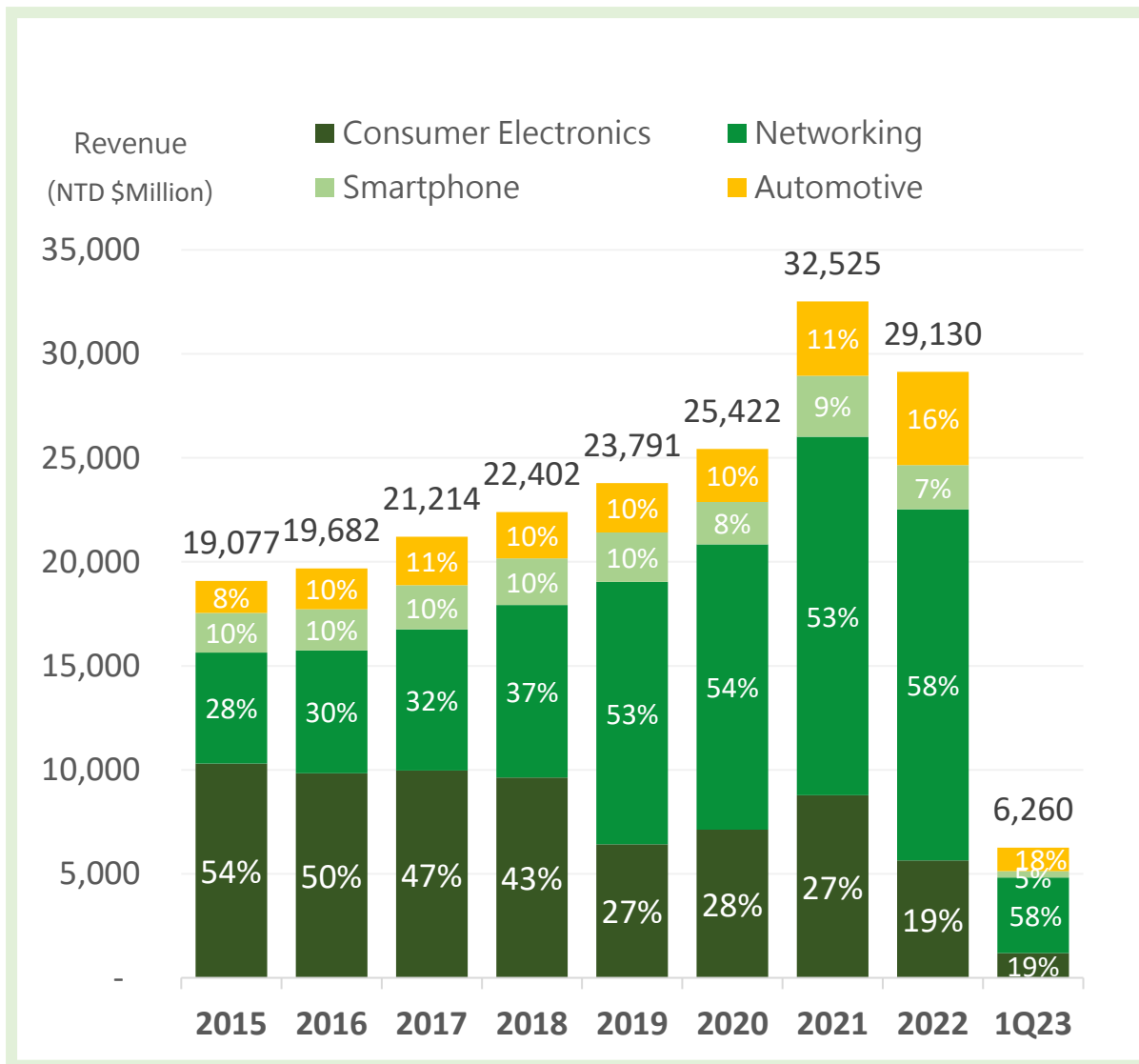


Substrate Like PCB (SLP) IC Packaging Substrate Laminate

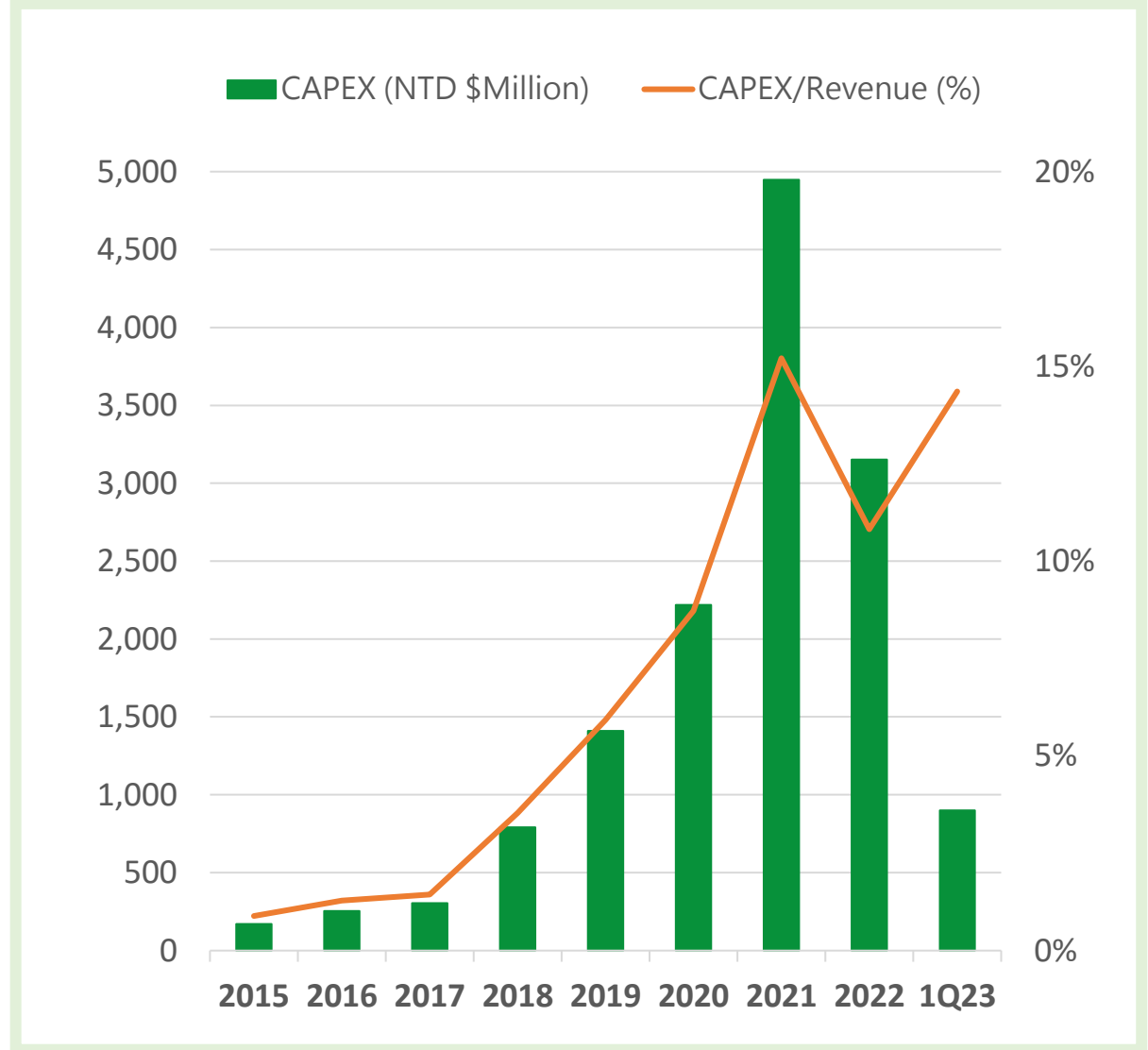
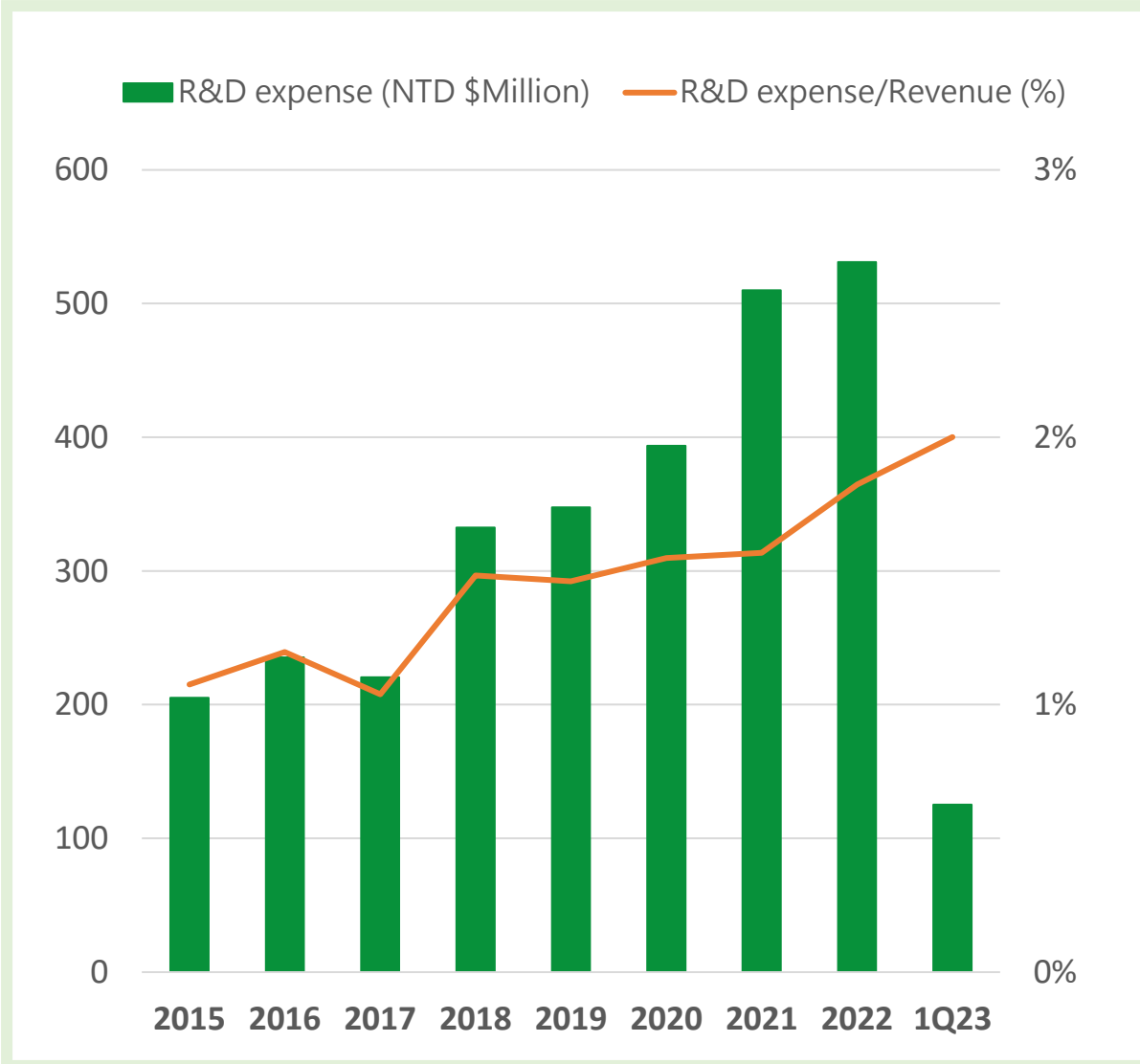


— 營收 (NT\$ 十億元)

Optimized Mix with Product Innovation

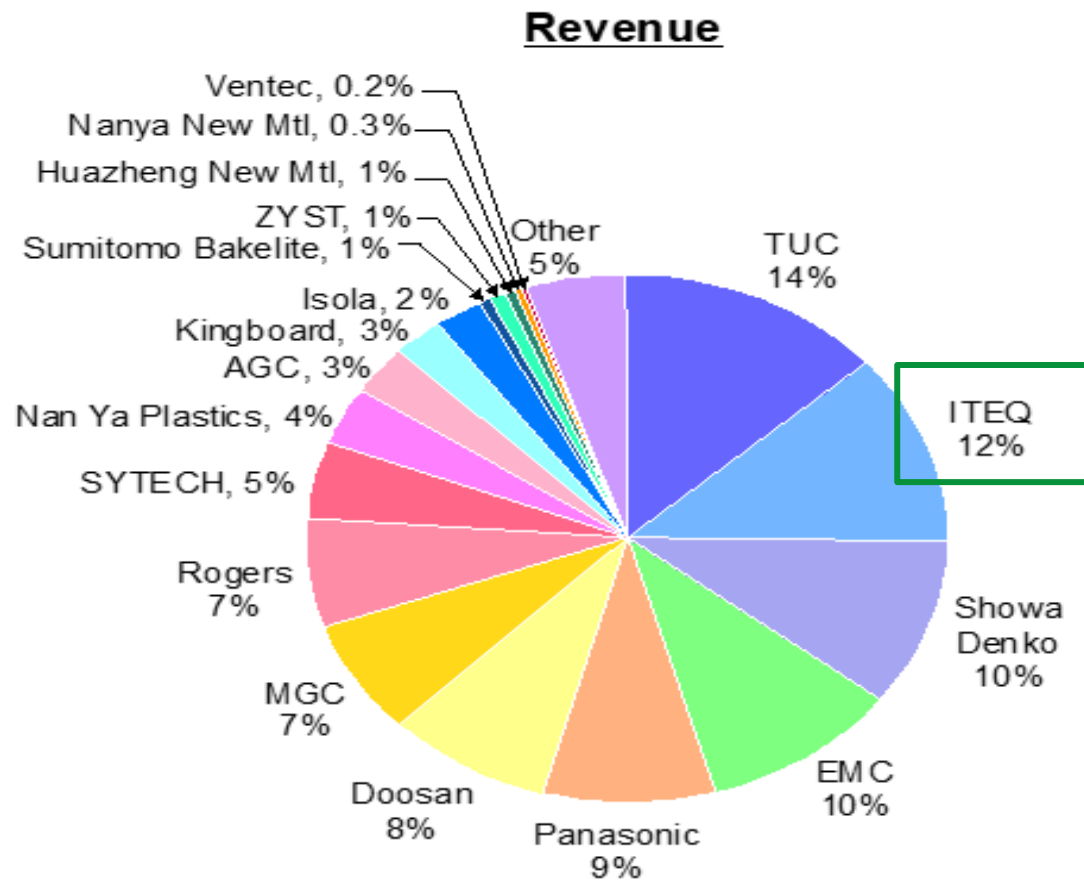


R&D and Capex to Pursuit Sustainable Growth



*1Q23 CAPEX including the increase in prepayments for equipment NT\$163m.

2021 WW Specialty Laminate Market Share



Total: \$4.65Bn (\$USD)

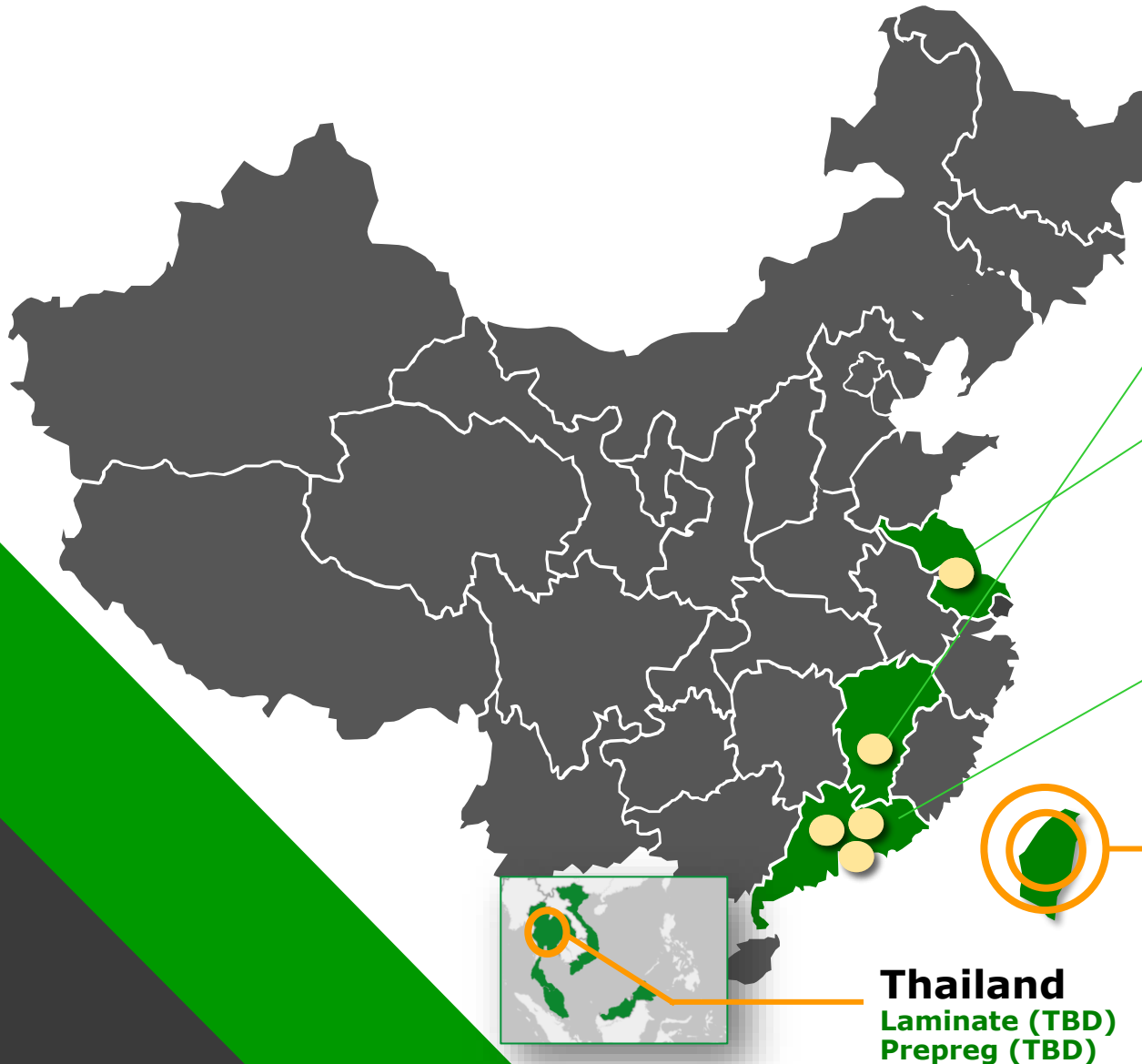
*Specialty Laminate includes: High speed, package substrate, RF
Source: Prismark Report, 2022/05

ITEQ: Leading CCL supplier

- Worldwide top supplier in high speed / frequency laminate
- Cutting-edge technology with MP track record
- Secular growth momentum in 5G network and data center opportunities
- Rising EV market to boost demand for high speed / frequency automotive CCL

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Manufacturing Site & Capacity – Expansion Plan ITEQ



JiangXi Plant
(Phase I) - 2020
Laminate (600K SHT/Month)
Prepreg (3,500K M/Month)
(Phase II) - 2021
Laminate (600K SHT/Month)
Prepreg (3,500K M/Month)
(Phase III) – 2022 & 2023
Laminate (1,200K SHT/Month)
Prepreg (5,000K M/Month)



WuXi Plant
Laminate (1,650K SHT/Month)
Prepreg (8,000K M/Month)



DongGuan Plant
Laminate (1,000K SHT/Month)
Prepreg (4,000K M/Month)



GuangZhou Plant
FCCL (1,450 K M²/Month)

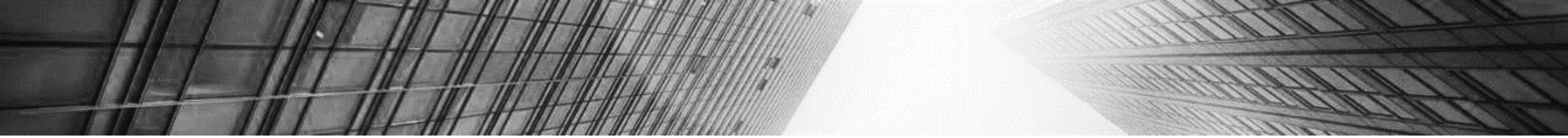


HuangJiang Plant
Masslam Service (500K SQFT/Month)



HsinChu (Headquarters)
Laminate (400K SHT/Month)
Prepreg (2,400K M/Month)

Distributor/Agent: USA, Europe, Israel, Korea, Japan and Singapore



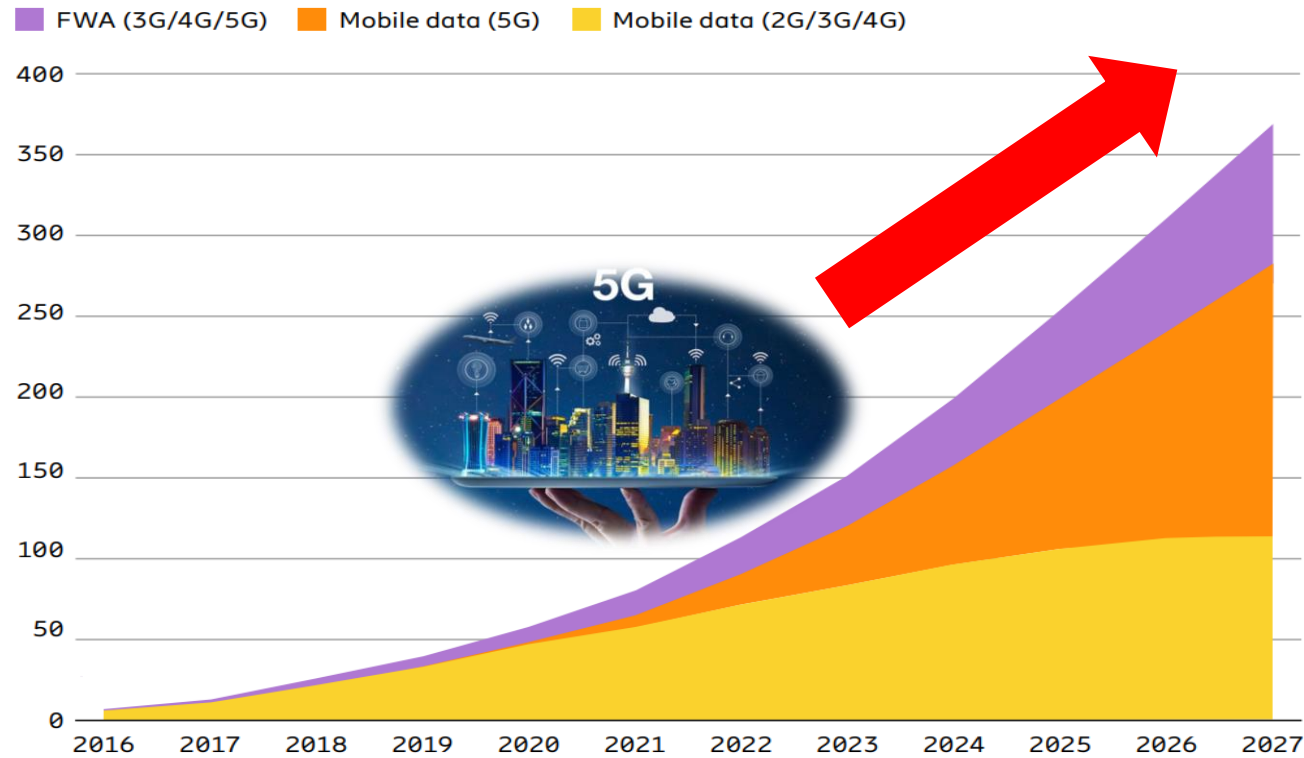
Market Trend & Growth Drivers

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Global Mobile Network Data Traffic (EB per month)



Source : Ericsson Mobility Report, 2022/06

● The Expansion of Global Mobile Network Data Traffic Continues on the Rise

- Telecommunications equipment & datacenter
 - Base station, ground satellite transceiver station
 - Core (traditional / cloud datacenter)
 - Edge computing (Enterprise enhanced infrastructure, such as data center & internal/external servers, signal transmission stations, etc.)
- End user products (computers, smartphones, IoT devices)
- IoT related applications (Smart Home & Telemedicine)
- Internet of Vehicles (ADAS & Self-Driving)
- Big Data Analysis & AI & High Performance Computing
- Cloud Computing and Cloud Storage
- Virtual Reality (VR) and Augmented Reality (AR)

- 5G mobile data traffic share to reach 60% in 2027.
- The expansion of global mobile network data traffic has driven network service operators, telecommunications companies and IoT & IoV manufacturers to expand/upgrade product specs to meet the needs of low latency, high reliability and high-speed computing processing

Diversified High-Speed Materials for HPC/Datacenter ITEQ

High Speed Application

Super Ultra Low-loss

IT-999G

R&D

IT-998G

IT-998 / IT-998SE

▲ Next

IT-998SE : Low-Dk glass
IT-998 : Low-Dk 2 glass

- 800G Ethernet
- 112Gbps

0.001

Ultra Low-loss 2
(with Low Dk glass)

IT-988GSE

IT-968GSE

IT-968SE

Intel EGS / BHS
AMD Genoa / Turin

- PCIe 5.0
- 200G Ethernet
- 400G Ethernet
- 56Gbps

0.002

0.003

Ultra Low-loss 1

IT-988G

IT-968G

IT-968

Intel EGS / BHS
AMD Genoa / Turin

- PCIe 5.0
- 100G Ethernet
- 25~32Gbps

0.004

0.005

Very Low-loss

IT-150DA

IT-958G

IT-170GRA2

Intel Whitley
AMD Rome / Milan

- PCIe 4.0
- 40G Ethernet
- 10~20Gbps

0.006

0.007

Low-loss

IT-170GRA1

Intel Purley
AMD Naples

- PCIe 3.0

0.008

Mid-loss

Df @10GHz (RC 50%)

Loss Level

Halogen Free

Halogenated

Platform

Application

Datacenter Server Platform Upgrade

Intel	Platform	Purley		Whitley	Eagle Stream		Birch Stream
	CPU	Skylake	Cascade Lake	Ice lake	Sapphire Rapids	Emerald Rapids	Granite Rapids
	Nano Process	14 nm	14 nm+	10 nm	Intel 7	Intel 7	Intel 3
	PCIe Gen	PCIe 3.0	PCIe 3.0	PCIe 4.0	PCIe 5.0	PCIe 5.0	PCIe 5.0
	MP Time	2017 Q3	2019 Q3	2021 Q1	2023 H1	2023 H2	2024
	CCL Material	Mid Loss	Mid Loss	Low Loss	Very Low Loss	Very Low Loss	TBD
	Layer count	8 to 12	8 to 12	12 to 16	16 to 20	16 to 20	TBD



AMD	Architecture	Zen	Zen2	Zen3	Zen4		Zen5
	CPU	Naples	Rome	Milan	Genoa	Bergamo	Turin
	Nano Process	14 nm (Global Foundries)	7 nm (TSMC)	7 nm (TSMC)	5 nm (TSMC)	5 nm (TSMC)	4 nm / 3 nm (TSMC)
	PCIe Gen	PCIe 3.0	PCIe 4.0	PCIe 4.0	PCIe 5.0	PCIe 5.0	PCIe 5.0
	MP Time	2017 Q3	2019 Q3	2020 Q4	2022 Q4	2023	2024
	CCL Material	Mid Loss	Low Loss	Low Loss	Very Low Loss	Very Low Loss	TBD
	Layer count	8 to 12	12 to 16	12 to 16	16 to 20	16 to 20	TBD

Datacenter Equipment Cyclical Upgrade to Drive the Following;

- Corresponding CCL material upgrade
- Increase consumption and layer counts for CCL

Green Power/EV



- Energy Conservation
- Power Charging
- High Current & Voltage
- Heavy Cu

High Tg material

Internet of Vehicle

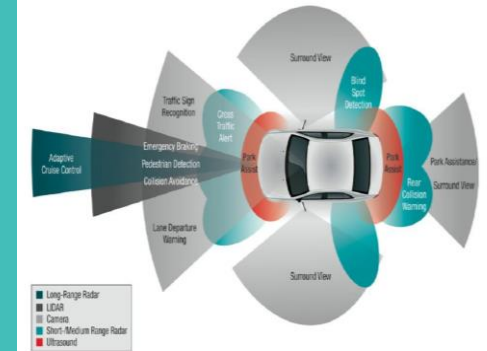


- Infotainment
- Networking

HDI

High Speed Material

Active Safety



- Active Safety System
- ADAS
- Radar
- Antenna Module

High Speed Material

High Frequency Material

Autonomous Driving



- HPC
- Graphic Processing
- Automated Driving Control Module

HDI

High Speed Material

- EV, IoV and Active Safety to boost demand for high performance automotive CCL
- PCB usage for EV is 3 folds of conventional gasoline vehicle

HDI New Product: Resin Coated Copper (RCC)

Resin Coated Copper (RCC)

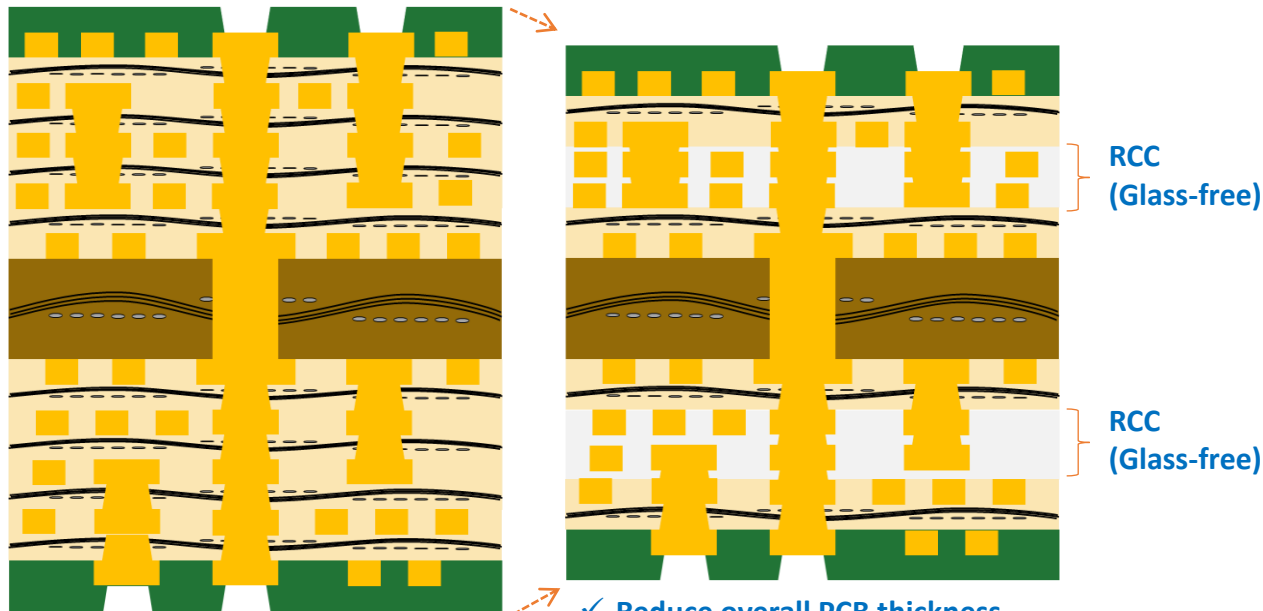
- ✓ Glass-free solution which enables further thickness reduction of dielectric layer while satisfies the needs towards fine-line pattern design (smaller form factor) and hybrid HDI/Substrate-Like PCB production.



Dielectric Layer : 10~50um

※ Available for thickness up to 150um

Conductors : Copper Foil



- ✓ Reduce overall PCB thickness
- ✓ Eliminate the fiber weave effect with enhanced reliability of signal transmission

ITEQ RCC Advantages

Glass-Free

Reduce thickness of the dielectric layer and overcome minimum thickness constraints (15-20um)

Better Dielectric Constant (Dk) and Impedance Control

RCC uses pure glue material enabling stable dielectric constant

Power Consumption Saving

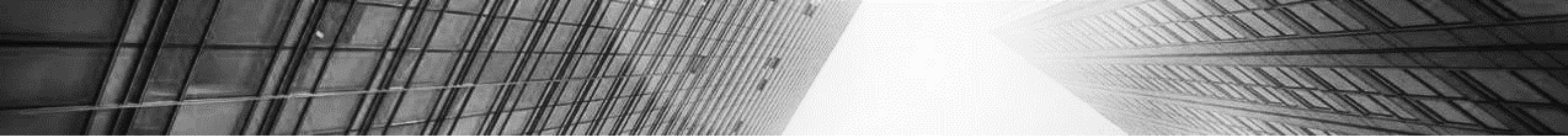
Lower voltage – extending battery life

Better Laser Processability

RCC is a glass fiber free material, which is easier to form holes through laser drilling with more stable Via quality

Simplify PCB Lamination process

Combine the processes of PP/Copper foil stack-up into one



1Q23 Financial Results

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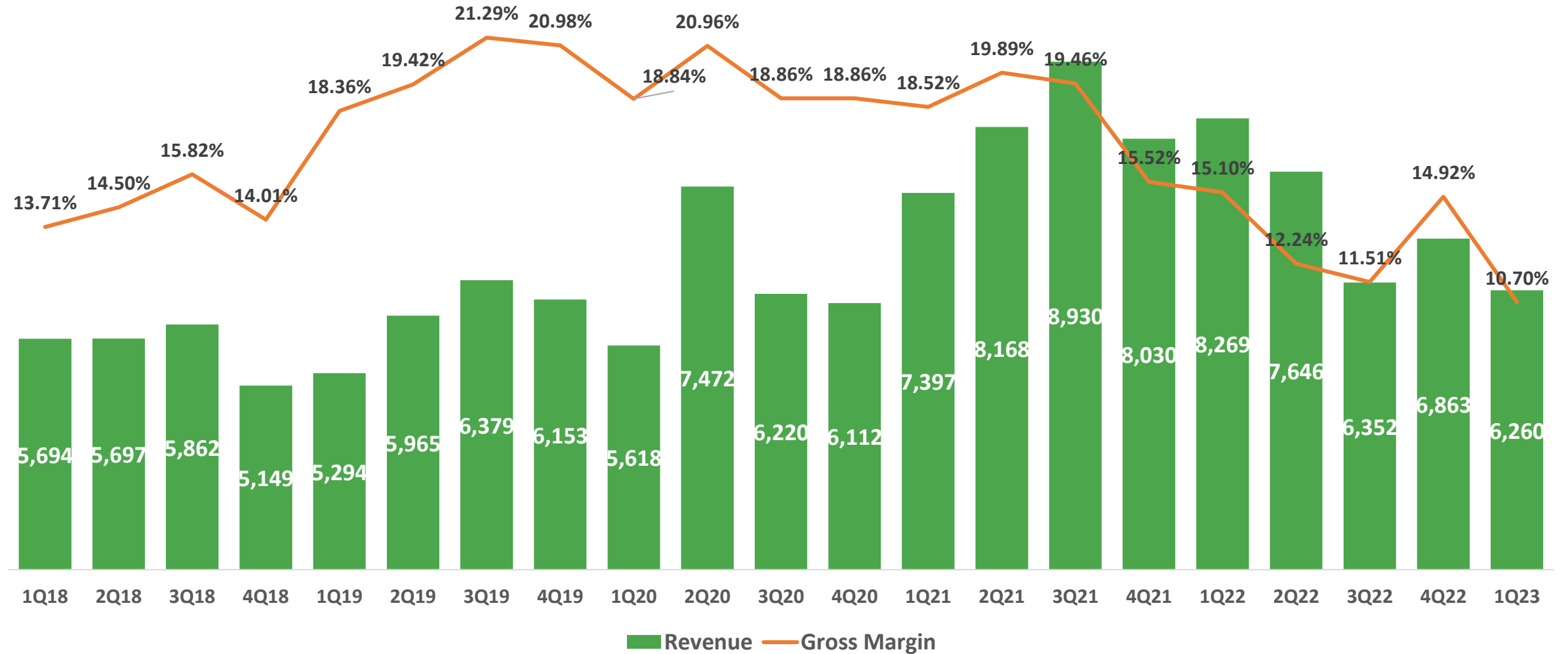
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1Q23 Income Statement

NTD \$Million	1Q23	4Q22	1Q22	QoQ	YoY
Revenue	6,260	6,863	8,269	-8.8%	-24.3%
Gross Profit	670	1,024	1,249	-34.6%	-46.4%
Operating Expense	542	570	605	-4.9%	-10.4%
Operating Profit	128	454	644	-71.8%	-80.1%
Non-Op Income / Loss	6	(72)	332		
Income before Tax	134	381	976	-64.8%	-86.3%
Tax Expense	60	47	167		
Net Income to Parent	74	334	809	-77.8%	-90.9%
EPS(NT\$)	0.20	0.92	2.11	-78.3%	-90.5%
Key Financial Ratio					
Gross Margin	10.70%	14.92%	15.10%		
Operating Expense Ratio	8.66%	8.31%	7.32%		
Operating Margin	2.04%	6.60%	7.78%		
Effective Tax Rate	44.78%	12.34%	17.11%		
Net Margin	1.18%	4.87%	9.78%		

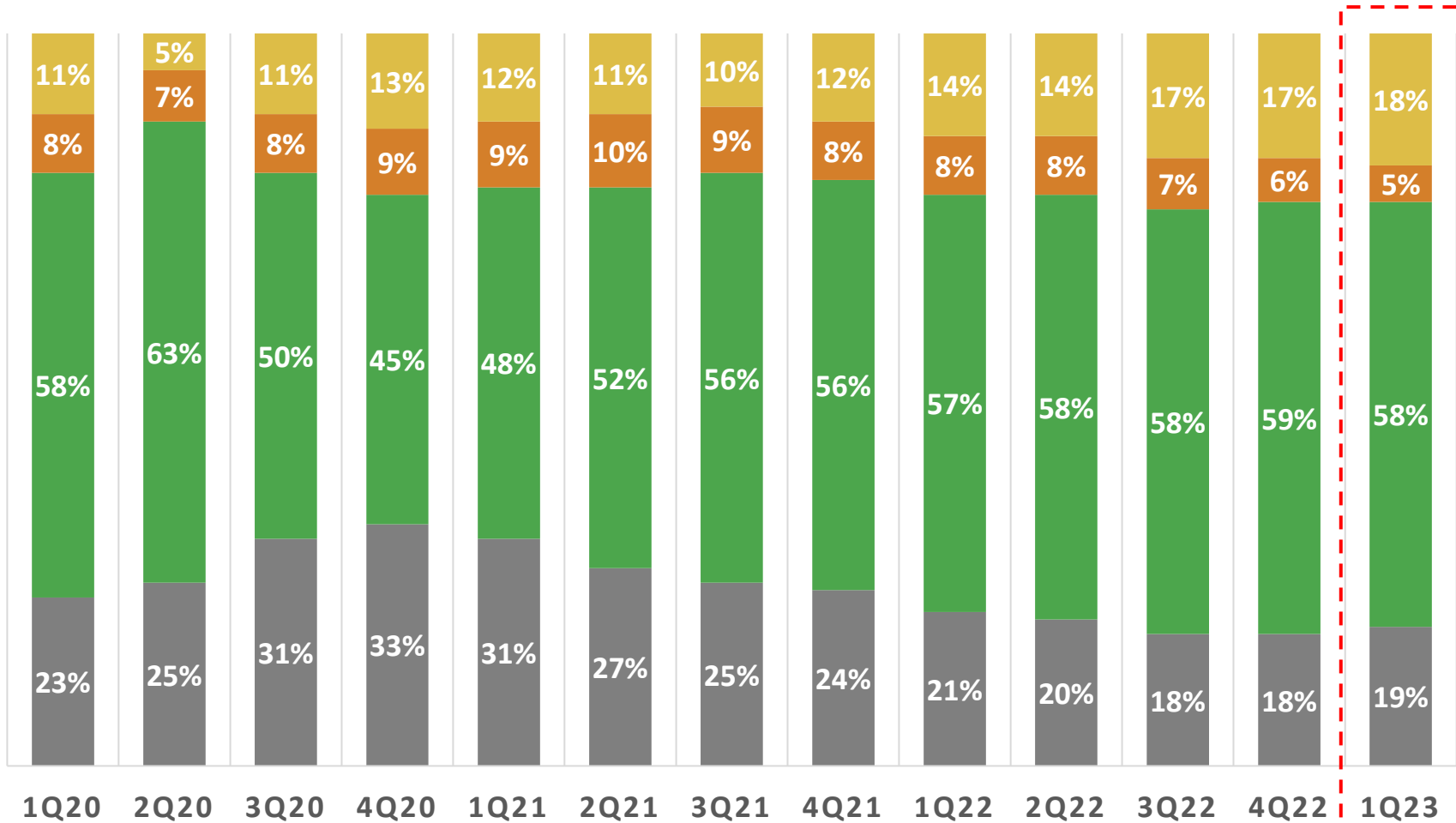
Revenue & Gross Margin Rate

(Million \$NTD)



1Q20~1Q23 Product Mix

■ Consumer Electronics ■ Networking ■ Smartphone ■ Automotive



1Q23 Product Growth %	QoQ	YoY
Automotive	-3.4%	-2.7%
Smartphone	-24.0%	-52.7%
Networking	-10.3%	-23.0%
Consumer Electronics	-3.7%	-31.5%

1Q23 Balance Sheet

NTD \$Million	1Q23	4Q22	1Q22
Total Assets	33,554	33,383	35,614
Cash	5,681	5,214	3,711
Marketable Securities	4	3	5
NR / AR	11,692	12,119	14,377
Inventories	2,556	2,731	4,822
Fixed Assets	11,307	11,102	10,122
Total Liabilities	14,354	13,272	14,830
Short-term Debt	2,553	2,633	2,494
NP / AP	5,755	5,926	6,644
Long-term Debt	2,498	1,677	-
Total Equity	19,200	20,111	20,784
Key Financial Index			
Days Sales Outstanding	160	159	151
Days Sales of Inventory	46	62	69
Days Payable Outstanding	90	95	91
ROE (%)	5.70	8.96	15.73
ROA (%)	3.62	5.57	9.40
Debt ratio (%)	42.78	39.76	41.64

2016 – 2022 Dividend Policy

Year	EPS(NT\$)	Dividend(NT\$)	Cash Dividend(NT\$)	Pay-out Ratio(%)
2016	3.13	2.5	2.5	80%
2017	4.11	3.1	3.1	75%
2018	5.86	3.8	3.8	65%
2019	8.13	5.0	5.0	62%
2020	8.19	5.0	5.0	61%
2021	9.00	5.0	5.0	56%
2022	4.94	3.0	3.0	61%

*New shares issuance of 30 million common shares concluded on March 31st 2020

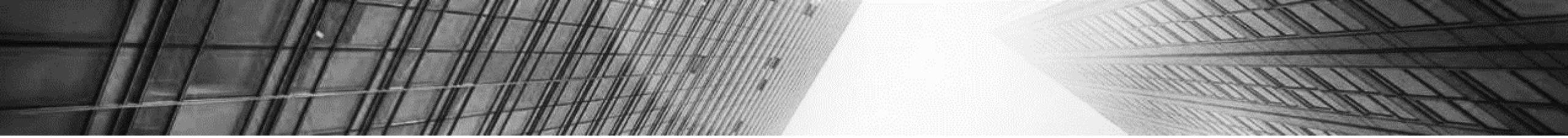
**New shares issuance of 50 million common shares concluded on September 2nd 2021

***Factoring in the repurchase and cancellation of 20 million shares in 3Q22; current total outstanding common share: 363 million



Thank you

Question and Comment



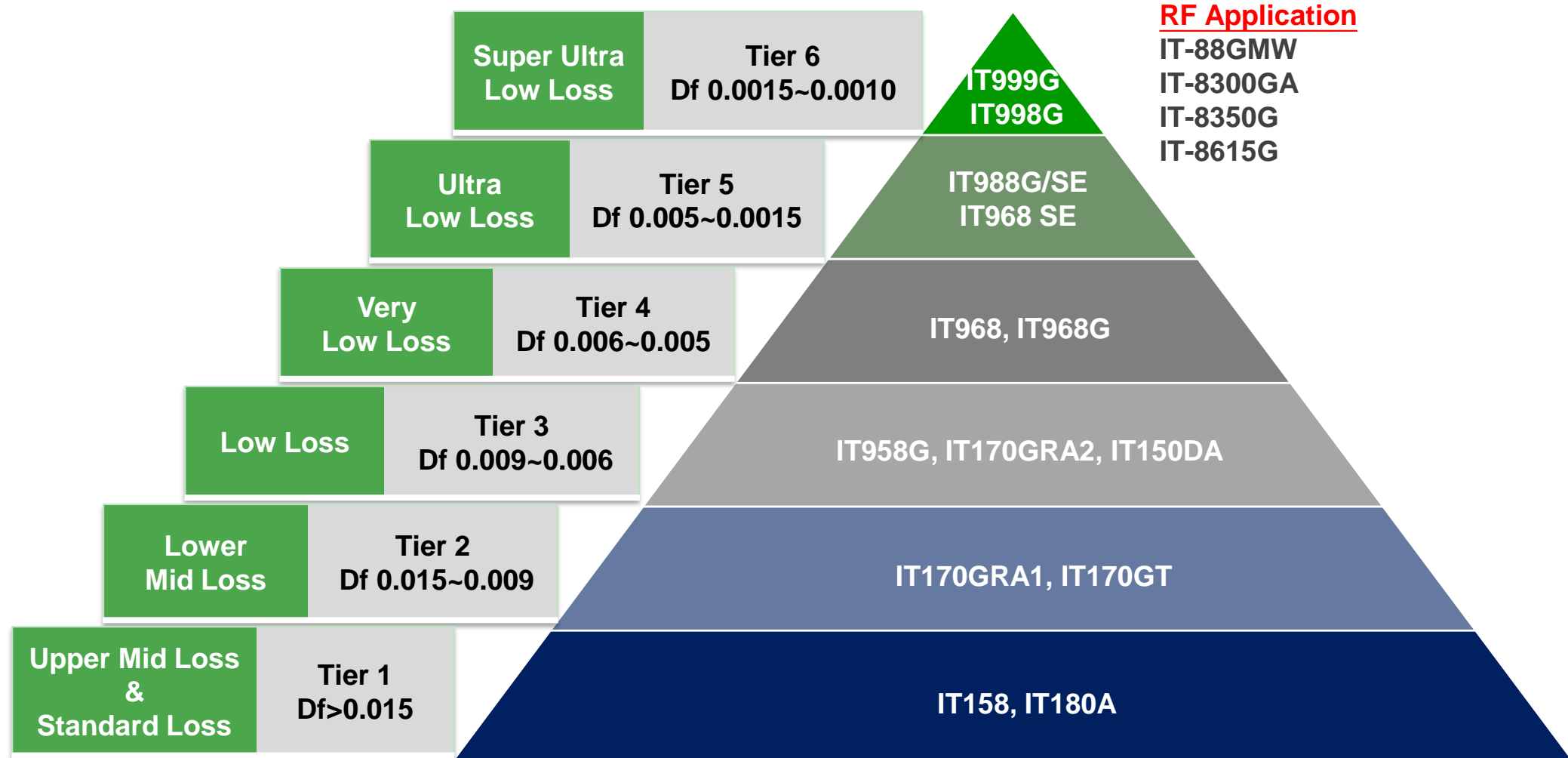
Appendix

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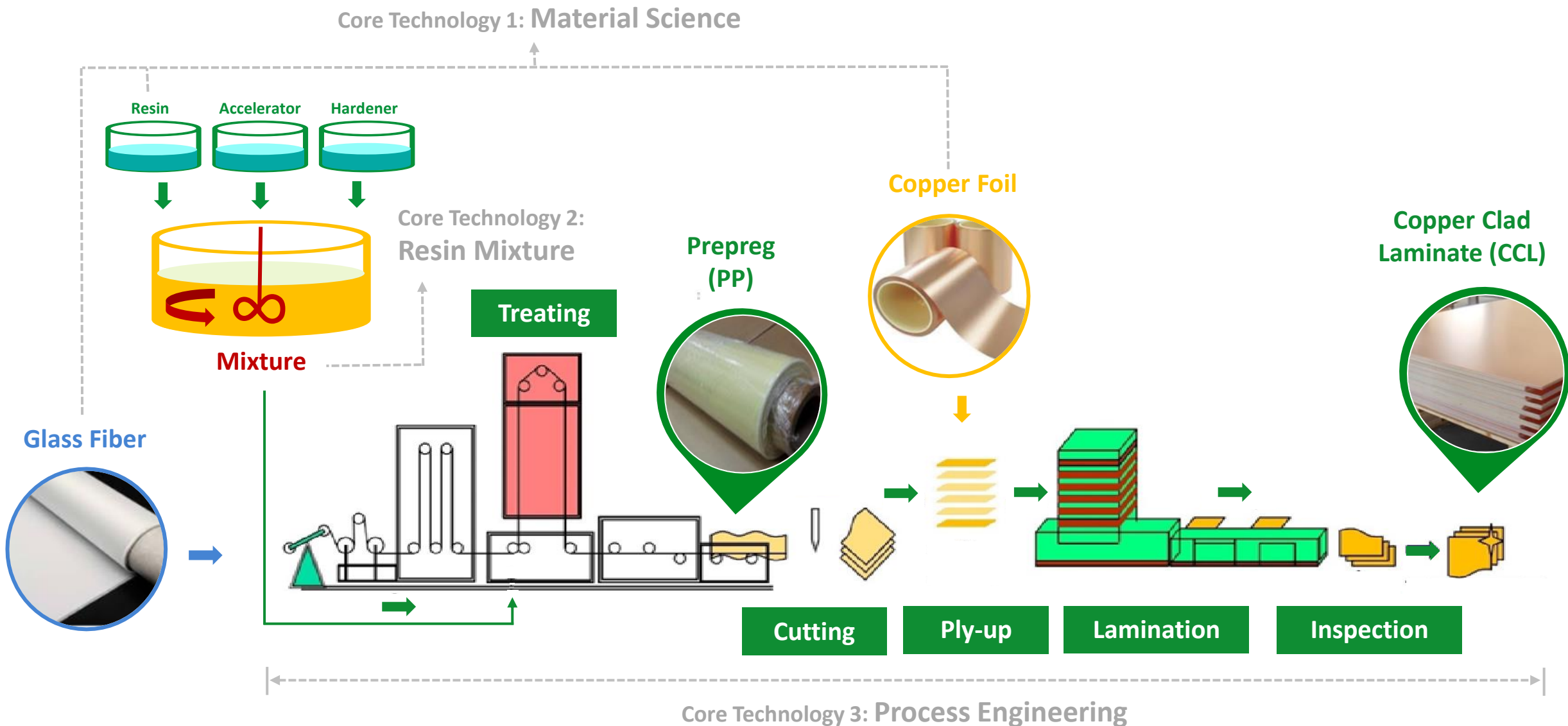
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Well-Expanded Product Line

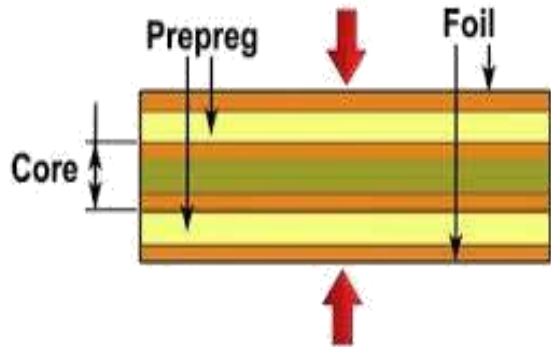
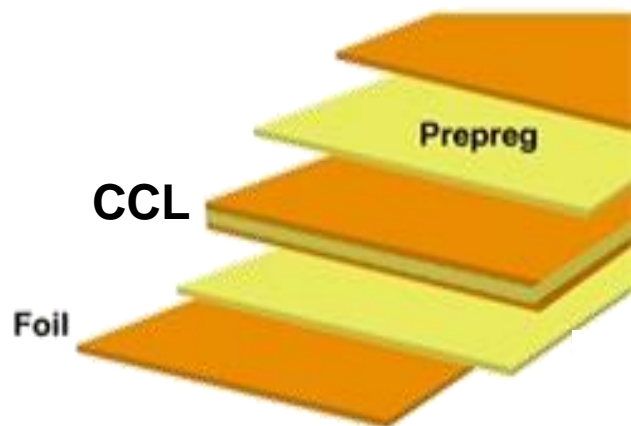


- The need for 5G commercialization and server upgrade to expedite the growth of high speed / frequency material demand
- ITEQ's market share in high speed / frequency material to uplift robustly

CCL & PP Manufacturing Flow



CCL/PP



CCL Manufacturing Process

